



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 28, 2005

H.R. 1973 **Senator Paul Simon Water for the Poor Act of 2005**

*As ordered reported by the House Committee on International Relations
on September 15, 2005*

SUMMARY

H.R. 1973 would authorize the President to furnish foreign assistance to provide safe water and sanitation to people in developing countries and also would authorize the appropriation of such sums as may be necessary for fiscal year 2006 and each subsequent year to carry out this assistance. This assistance could be used for a variety of programs, including programs that help manage water resources. The bill would require that the Secretary of State develop a strategy for providing this assistance and make annual reports on the implementation of that strategy.

CBO estimates that implementing H.R. 1973 would cost about \$3 million in 2006 and \$130 million over the 2006-2010 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or receipts.

H.R. 1973 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1973 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs). For the purposes of this estimate, we assume that the bill will be enacted before the end of calendar year 2005.

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	43	44	45	46	47
Estimated Outlays	3	15	32	38	41

BASIS OF ESTIMATE

H.R. 1973 would authorize the President to furnish assistance for programs that provide safe water and sanitation in developing countries. This assistance could be used to support the design, construction, maintenance, or operation of water delivery and sanitation systems; to improve the safety of water supplies; and to help local governments and communities manage their water resources. The bill would require that the Secretary of State develop a strategy for providing this assistance and identify high-priority countries based on criteria specified in the bill. The bill would authorize the appropriation of such sums as may be necessary for fiscal year 2006 and subsequent years to provide this assistance.

Under current law, the U.S. Agency for International Development (USAID) already provides assistance to developing countries for the provision of safe water and sanitation. In 2005, USAID expects to obligate about \$540 million on water projects around the world with about \$150 million of that amount for drinking water and sanitation projects world wide—\$12 million for Sub-Saharan Africa, \$37 million for Asia, and \$25 million for Latin America. While USAID already provides substantial amounts of assistance for water programs in developing countries, a large part of that assistance goes to Jordan, Egypt, and the West Bank or Gaza.

Under the bill, CBO expects that assistance for other developing countries would increase, especially for those in Sub-Saharan Africa. Absent information from the Administration on how it might implement this bill, we assume that the amount of money spent on drinking water and sanitation in Sub-Saharan Africa would double in 2006 and increase with inflation in each subsequent year. Additionally, we assume spending for the same projects in Asian and Latin America would increase by 50 percent in 2006, with adjustments for inflation thereafter. Accordingly, CBO estimates that implementing this bill would cost \$3 million in 2006 and \$130 million over the 2006-2010 period, assuming appropriation of the estimated amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1973 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On March 18, 2005, CBO transmitted a cost estimate for S. 600, the Foreign Affairs Authorization Act, Fiscal Years 2006 and 2007, as reported by the Senate Committee on Foreign Relations on March 10, 2005. Title XXVI of that bill would authorize the President to furnish assistance to programs that provide access to safe water and sanitation and promote sound water management, similar to the authorization specified in H.R. 1973. In addition, S. 600 would authorize the creation of a pilot program with the authority to issue investment insurance, investment guarantees, and loan guarantees, as well as to assist investors or provide direct investment in safe drinking water and sanitation infrastructure. There is no similar provision in H.R. 1973, and thus the estimated costs for implementing H.R. 1973 are lower than those estimated for title XXVI in S. 600.

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